

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Benoit Analyst: Anne Mazur Bill Number: AB 2962  
 Related Bills: See Prior Analysis Telephone: 845-5404 Amended Date: August 7, 2006  
 Attorney: Patrick Kusiak Sponsor: Franchise Tax Board

**SUBJECT:** Withholding on California Real Estate Limited to Gain on Sale

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED

X May 26, 2006 STILL APPLIES.

X OTHER – See comments below.

**SUMMARY**

This bill would allow sellers of California real estate to choose between rates of withholding.

**SUMMARY OF AMENDMENTS**

The August 7, 2006, amendments add requirements relating to the forms or worksheets that would be developed by the Franchise Tax Board (FTB) for the alternative withholding rate.

Specifically, the amendments would require the alternative withholding certification form and any worksheet for estimating gain on sale developed by FTB to contain a warning to transferors regarding determination of withholding amounts. The warning would state that title, escrow, and exchange accommodators are not authorized to provide legal or accounting advice for purposes of determining withholding amounts. The warning would also encourage transferors to consult with a competent tax professional. The amendments would also require FTB to make these forms and worksheets available on its web site and provide a web-based calculator for estimating the amount of gain required to be recognized by the transferor.

Board Position:

  X   S                             NA                             NP  
       SA                             O                             NAR  
       N                             OUA                             PENDING

Legislative Director

Date

Brian Putler

8/10/06

In all other respects, the analysis of the bill as amended May 26, 2006, still applies.

## **POSITION**

Support. On December 1, 2004, the Franchise Tax Board voted 2-0, with the Director of Finance abstaining, to sponsor the provisions included in this bill.

## **LEGISLATIVE STAFF CONTACT**

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